



***Office of Thrift Supervision
Financial Reporting Division***

December 2003

Financial Reporting Bulletin

It is important that you read this bulletin and the attached materials before submitting your Thrift Financial Report.

**TFR Deadline (Including CSS) — Friday, January 30
HC and CMR Deadline — Tuesday, February 17**

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The Office of Thrift Supervision publishes the Financial Reporting Bulletin quarterly and distributes it to all OTS regulated institutions. The bulletin's purpose is to provide the Thrift Financial Report preparer with reporting information and guidelines. Please send comments and suggestions on this bulletin to Office of Thrift Supervision, 1700 G Street, NW, Washington, DC 20552 or by e-mail to tfr.instructions@ots.treas.gov.

FOURTH QUARTER DEADLINES

You should complete and transmit your December 2003 TFR, including Schedule CSS, as soon as possible after the close of the quarter. All schedules except HC and CMR are due no later than Friday, January 30, 2004. **Please note that the due date is 30 days after the close of the quarter, and in this case is not the last day of the month following the quarter.** Schedules HC and CMR are due no later than Tuesday, February 17, 2004.

Institutions that are exempt from filing Schedule CMR but choose to voluntarily file must adhere to the filing deadlines. OTS will not be able to provide Interest Rate Risk reports to institutions that fail to meet the filing deadline. All voluntary filers should contact Doris Jackson at 972-277-9618 or doris.jackson@ots.treas.gov two days after transmitting CMR to confirm that it was received.

If you have any questions concerning the preparation of your report, please call your Financial Reporting Division contact in Dallas, Texas. You may email reporting questions to tfr.instructions@ots.treas.gov. If you have a problem with the electronic filing software or transmission, call 1-866-314-1744 or efs-info@ots.treas.gov. If you have any questions about your Interest Rate Risk report, you may contact Scott Ciardi at 202-906-6960 or scott.ciardi@ots.treas.gov.

GINNIE MAE OPTIONAL REPURCHASE PROGRAM

Ginnie Mae (Government National Mortgage Association) mortgage-backed securities are backed by residential mortgage loans that are insured or guaranteed by FHA, VA, or FmHA. Ginnie Mae programs allow financial institutions to buy back individual delinquent mortgage loans that meet certain criteria from the securitized loan pool for which the institution provides servicing. At the servicer's option and without Ginnie Mae's prior authorization, the servicer may repurchase certain delinquent loans for an amount equal to 100 percent of the remaining principal balance of the loan. Under FASB Statement No. 140, this buy-back option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional.

When the loans backing a Ginnie Mae security are initially securitized, Statement No. 140 permits the issuer of the security to treat the transaction as a sale for accounting purposes because the conditional nature of the buy-back option means that the issuer does not maintain effective control over the loans. At the time of the sale the loans are removed from the issuer's balance sheet. When individual loans later meet Ginnie Mae's specified delinquency criteria and are eligible for repurchase, the issuer (provided the issuer is also the servicer) is deemed to have regained effective control over these loans and, under Statement No. 140, the loans can no longer be reported as sold. The delinquent Ginnie Mae loans must be brought back onto the issuer-servicer's books as assets at fair value, along with an offsetting liability, regardless of whether the issuer intends to exercise the buy-back option. Whether or not these rebooked delinquent loans are repurchased, the issuer-servicer should report them as **loans** in Schedule SC and not in other assets. The offsetting liability should be reported on SC760, Other Borrowings. These loans may be reported as held for sale on SI387, based on facts and circumstances, in accordance with generally accepted accounting principles. When the loans are first brought back onto your balance sheet, you should report them in Schedule CF as loans purchased.

For risk-based capital purposes, these rebooked loans should be risk-weighted at 20 percent in the same manner as all other FHA, VA, and FmHA loans, and reported on CCR450 to the extent of the conditional guarantee.

In schedule CMR, the loans should be reported on CMR501, Nonperforming Loans, and the liability should be reported on CMR786, Miscellaneous Liabilities I.

REPORTING REQUIREMENTS FOR SCHEDULE CSS

Beginning with the December 2003 TFR, OTS will require reporting of only those subordinate organizations that meet one or more of the following criteria:

- The gross revenue of the consolidated subordinate organization is 5% or more of the gross revenue of the consolidated thrift (gross revenue is defined as the total of Interest Income and Noninterest Income); or
- The total assets of the consolidated subordinate organization are 5% or more of the consolidated thrift assets; or
- The consolidated subordinate organization is regulated by a state insurance department, the Securities and Exchange Commission, or the Commodity Futures Trading Commission; or
- The Regional Director deems there is a supervisory reason for requiring the reporting of a subordinate organization.

OTS originally planned to implement this change in 2004. However, since this change will reduce reporting burden, we are providing institutions with the option of implementing this reduced reporting in December 2003.

Refer to the article on page 4 for instructions on downloading the entities you entered in your December 2002 CSS.

SOFTWARE CORNER

EFS Helpline

The Financial Reporting Division is pleased to announce our new toll-free EFS Helpline message center. When reporting an issue with your Electronic Filing System or Financial Reports Subscriber software, please provide your name, docket number, and detailed description of your problem. Your call or e-mail will be returned during normal business hours in the order it was received.

Toll-free: 1-866-314-1744
Email: efs-info@ots.treas.gov

Prior to contacting the OTS EFS Helpline message center, we suggest you first run the **OTS Diagnostics program** that was sent to all TFR report preparers. The OTS Diagnostics program was developed to assist in troubleshooting problems with connecting to the OTS Network. This utility allows you to test your modem dial-up, answer questions related to performance, and offer solutions to the issues identified in a user-friendly manner. Launch the program from your desktop under **Start, Programs, Office of Thrift Supervision, OTS Diagnostics**. If you do not have the OTS Diagnostics utility, please notify the EFS Helpline message center.

Return Contact Information

Any time you contact the Financial Reporting Division in any format - e-mail, voice mail, fax, etc., please be sure to include your name, institution name, docket number, and area code and phone number. If you leave a voice mail message, speak clearly and distinctly enough to be clearly understood and spell any unusual names.

December EFS Software

We will not mail out a software CD for the December 2003 cycle. **There will be a new EFS Update software version 4.5.6 available for download in December.** You should install this new version for preparing and transmitting all your December reports.

After each report transmission attempt, please ensure that it was transmitted successfully. Click on **System, Financial Data, and View Transmission Log** to verify that your report(s) appears in the **Successful Report Transmissions** folder.

December 2003 Cycle Selection

Beginning in January 2004, the EFS software will default the *Cycle Selection* screen to 2004. For 2003 reports, you must select **Year 2003** from the drop-down menu to proceed to the correct reporting cycle.

Schedule CSS

To access Schedule CSS, click on the CSS tab under the TFR report screen. EFS will carry forward all subordinate organization data from the preceding year, including tax ID, name, and address of the subordinate organization, and parent company information. If the CSS entities do not automatically appear, you should validate that they existed in the December 2002 TFR filing.

If your December 2002 TFR information is not available on your system, you can download it from OTS, after which the CSS entities will roll forward into 2003. You always have the option of manually re-entering your subordinate entities directly into the December 2003 report.

To download the report, select *Change Cycle* from the main EFS screen, select the *December 2002* reporting period. Select *Transmit, Download Financial Data, TFR, and Transmit Now*. Once the report has been downloaded, select the TFR report on the *Import Downloaded Financial Data* screen and click on *Import*. Next, select *Reports*, click on the *TFR* tab, and the *CSS* tab to verify that the data has been imported. Exit the CSS and TFR report screens and select *Change Cycle* to get back to the *December 2003* reporting period.

To update your 2003 Schedule CSS information from the CSS screen, click on the first entity number located on the right-hand side of the screen, enter the updated financial data and click on *Save*. Repeat the process for each entity.

If you must delete an entity, you should send a message to OTS indicating the entity number that was deleted.

Also see the article above concerning the reduced requirement for reporting subordinate organizations in Schedule CSS.

Emergency Contact/FinCEN 314(a) Information

We receive Emergency Contact and FinCEN 314(a) information from many sources, including emails and the Electronic Filing System (EFS) software. To insure that we have the most current information, please review and update this information in the EFS. For additional details regarding Emergency Contacts and FinCen 314(a), refer to OTS CEO Memo No. 168 at www.ots.treas.gov/docs/25168.pdf.

To access the update screen select *System > Thrift Emergency Contact Information* from within the EFS. Review the primary and secondary emergency contacts in the top half of the screen and the FinCEN 314(a) contact in the bottom half, and make any necessary corrections. This information will be sent to OTS when you transmit your December financial reports.

DECEMBER 2003 TFR INSTRUCTION MANUAL UPDATES

Attached to this bulletin are 20 updated pages to the TFR Instruction Manual. The updated pages are dated December 2003. We have identified all changes by a bar in the right margin. The changes are as follows:

Schedule SC – Page 209 – Mortgage Loans – Added that delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b)

you have repurchased the loans under such an option, are included in mortgage loans, as required under GAAP (including FASB Statement No. 140).

Schedule SC – Page 225 – SC690, Other Assets – Added that delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option, are **not** included in other assets.

Schedule SC – Page 234 – SC760, Other Borrowings – Added that the related liability for delinquent mortgage loans previously securitized with Ginnie Mae where you have an unconditional repurchase option is included in Other Borrowings.

Schedule CC – Page 703 – Unused Lines of Credit – Clarified that lines of credit secured by commercial property should not be reported with commercial lines of credit, but should be reported with commitments to originate mortgages. Added that predetermined overdraft protection limits should be reported as commitments with other unused lines of credit.

Schedule SQ – Page 1002, SQ270, Reporting Association's Fiscal Year-end – Clarified that the date we want reported on this line is the month of your current fiscal year end for audited financial statement purposes.

Schedule CSS – Page 1401 – Changed the instructions to reflect the reduced filing requirements effective this quarter.

Schedule CCR – Pages 1519 and 1522 – Added that delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option, are risk weighted at 20%.

Schedule CMR – Page 1639, CMR501, Nonperforming Loans -- Added that delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option are reported as nonperforming loans for purposes of Schedule CMR.

Schedule CMR – Page 1654, CMR786, Miscellaneous Liabilities I -- Added that the related liability for delinquent mortgage loans previously securitized with Ginnie Mae where you have an unconditional repurchase option is included in CMR786.

2004 TFR INSTRUCTIONS

A new TFR Instruction Manual will be mailed to all TFR report preparers in March 2004. The instructions for all new or changed lines are available on the OTS web site at <http://www.ots.treas.gov/docs/78165.pdf> or go to www.ots.treas.gov, click on the TFR tab, then click on "News".

Questions & Answers

We post TFR Questions and Answers on the OTS web site at www.ots.treas.gov/tfrqanda.html. If you have a question that you would like posted, please submit it to tfr.instructions@ots.treas.gov.

Q&A No. 224

SUBJECT: INTERCOMPANY RECEIVABLES/PAYABLES

LINE(S): Schedule SC

DATE: December 5, 2003

Question: We have placements to other entities within our holding company corporate structure. We have reported these intercompany borrowings in SC760 as Other Borrowings. This quarter our intercompany account is a receivable. Should we report this receivable as a negative amount in Other Borrowings or reclassify it to Other Assets?

Answer: If the account is a non-interest-bearing receivable from the holding company or affiliates, it should be reported in Other Assets (SC690) using code 13. Non-interest-bearing payables to the holding company or affiliates are reported in Other Liabilities (SC796) using code 17.

However, interest-bearing receivables should be reported in Commercial Loans (SC303) and interest-bearing payables should be reported in Other Borrowings (SC760).

Q&A No. 225

SUBJECT: COMPUTER SOFTWARE

LINE(S): SC660 and SO560, Goodwill and Other Intangibles

DATE: December 5, 2003

Question: We have purchased computer software that is included with fixed assets and is included in our depreciation schedule. Should we report the purchased computer software on line SC55, "Office Premises and Equipment, or on line SC660, "Goodwill and Other Intangible Assets"? Also, where should we report its depreciation or amortization?

Answer: Pursuant to FASB Statement No. 141, computer software is a technology-based intangible asset. Accordingly, you should report computer software on line SC660. In addition, you should report the amortization of computer software on line SO560, "Goodwill and Other Intangibles Expense".

Q&A No. 226

SUBJECT: FORECLOSURE ON LOANS PURCHASED FROM GINNIE MAE POOLS

LINE(S): VA952

DATE: December 5, 2003

Question: The instructions for schedule PD allow for certain delinquent FHA/VA loans purchased from a Ginnie Mae pool to be excluded from Schedule PD. Conversely, it appears that these same FHA/VA loans, when foreclosed on, are to be reported as foreclosures in VA952.

If an institution is planning to step up their activity in purchasing these delinquent loans (where the risk to the institution is minimal), is it correct to reflect a large foreclosure activity figure even if the loans are made up of the same loans that are excluded from PD?

Answer: Yes, loans purchased from a Ginnie Mae pool, although currently excluded from Schedule PD, must be included in foreclosed asset activity, VA952.

Q&A No. 227

SUBJECT: Including Subsidiary in Schedule FS

LINE(S): Schedule FS

DATE: December 5, 2003

Question: We have a majority-owned subsidiary of our Bank that provides investment advisory services (for a fee) for customers. The subsidiary does not have trust powers or custody of the assets. They strictly provided investment advice. In Schedule FS, do we need to report the fiduciary assets of this investment advisory subsidiary or do we just report the fiduciary assets related to the segment of our Trust Department that has trust powers and custody of the assets.

Answer: You should include the fiduciary related assets and the fiduciary related fee income of the subsidiary that renders investment advice for a fee in Schedule FS. Schedule FS is completed on a consolidated basis. Therefore, fiduciary or related services of a GAAP consolidated subsidiary should be reported.

Q&A No. 228

SUBJECT: FARM SERVICES AGENCY (FSA) GUARANTEED LOAN

LINE(S): Schedule CCR

DATE: December 5, 2003

Question: A thrift purchases a participation interest in the guaranteed portion of a Farm Services Agency (FSA) guaranteed loan. What is the proper risk weighting?

Answer: The Farm Services Agency is a federal agency under the United States Department of Agriculture. Since it provides *conditional* guarantees on various types of agricultural related loans, the 20% risk weighting is appropriate. However, this 20% is dependent on the thrift owning a participation interest in only the *guaranteed* portion of an FSA loan.

The FSA is authorized to provide loan guarantees of up to 95% of the principal amount of various agricultural related loans. However, the FSA encourages a secondary market in the guaranteed portions of such loans, noting "The existence of the secondary market makes guaranteed loans more liquid. By reselling the guaranteed portion, lenders reduce interest rate exposure, increase their lending capabilities, and generate fees." As long as the thrift purchases only an interest in the guaranteed portion of such loans, the 20% risk weighting is appropriate.

However, if the thrift purchases whole loans, only the guaranteed portion of the loans would qualify for the 20% risk weighting.

Q&A No. 229

SUBJECT: ARMS AT THEIR FLOOR

LINE(S): Schedule CMR

DATE: December 5, 2003

Question: Our home equity loans are tied to prime rate, but have a floor of 6%. These loans are at their floor rate (6%), and have been for sometime. The instructions tell us to report ARMs with coupons that are currently at their lifetime caps, as fixed rate mortgages. Does the same hold true for ARMs at their floor?

Answer: Yes, they should be reported as fixed rate, 2nd mortgage loans, if the loans will remain at their 6% floor even after a 200 basis point upward shock. Should rates rise considerably in the future, the loans should once again be reported as ARMs.

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The Financial Reporting Division uses voice mail extensively. If you reach the voice mail of the person you are calling, please leave a brief message, speaking slowly enough to be clearly understood. Include your name, phone number, region, and docket number. Your call will be returned as quickly as possible.

TFR REPORTING QUESTIONS AND ANSWERS

We post TFR Questions and Answers on the OTS web site at <http://www.ots.treas.gov/tfrqanda.html>. If you have a question that you would like answered, you may submit it to tfr.instructions@ots.treas.gov.

EFS HELPLINE MESSAGE CENTER

If you have a question about Electronic Filing System and Financial Reports Subscriber software, call toll-free 1-866-314-1744 or email efs-info@ots.treas.gov.

INTEREST RATE RISK REPORTS

If you have a question about your Interest Rate Risk report, contact Scott Ciardi at 202-906-6960 or scott.ciardi@ots.treas.gov.

COPIES OF TFR MANUAL

OTS provides one free copy of the TFR Instruction Manual and Financial Reporting Bulletins to report preparers of all OTS-regulated institutions. You can also access the manual and bulletins on the OTS web site at <http://www.ots.treas.gov/tfrpage.html>.

**Office of Thrift Supervision
Filing Schedule for 2004 Regulatory Reports**

| Reporting "As Of" Date | Filing Deadline | | | |
|---------------------------|----------------------------|-----------------------------|----------------------------|----------------------|
| | Thrift Financial Report | Schedules HC and CMR | Cost of Funds | Branch Office Survey |
| 2004 January 31 | | | Monday March 1 | |
| February 29 | | | Tuesday March 30 | |
| March 31 | Friday April 30 | Monday May 17 | Friday April 30 | |
| April 30 | | | Tuesday June 1 | |
| May 31 | | | Wednesday June 30 | |
| June 30 | Friday July 30 | Monday August 16 | Friday July 30 | Monday August 23 |
| July 31 | | | Monday August 30 | |
| August 31 | | | Thursday September 30 | |
| September 30 | Monday November 1 | Monday November 15 | Monday November 1 | |
| October 31 | | | Tuesday November 30 | |
| November 30 | | | Thursday December 30 | |
| December 31 | Monday January 31, 2005 | Monday February 14, 2005 | Monday January 31, 2005 | |

THRIFT FINANCIAL REPORT INSTRUCTION MANUAL UPDATES

DECEMBER 2003

Insert these revised pages into your instruction manual. Delete **only** those pages that have replacements.

Refer to the summary of these changes in the December 2003 Financial Reporting Bulletin.

Direct questions to your Financial Reporting Analyst in Dallas, TX, or by e-mail to tfr.instructions@ots.treas.gov.

Capitalized loans should include accrued interest receivable and advances for the payment of taxes and insurance in the mortgage loan balance. Report accrued interest and advances for taxes and insurance on all other loans on SC272 and SC275, respectively.

Include:

1. FHA/VA and conventional first mortgage loans.
2. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option. In either case, reporting such instruments as mortgage loans is required under GAAP (including FASB Statement No. 140). Also, with respect to (a) report the related liability on SC760, Other Borrowings.
3. Junior or second mortgage loans, both open-end and closed-end.
4. Mortgage loans to unconsolidated subordinate organizations.
5. Your share of participating interests in loans.
6. Loans to commercial entities collateralized by mortgages of third-party borrowers, such as warehouse loans provided the underlying loans are secured by real estate and meet the requirements of 12 CFR § 560.41.
7. Disbursed portion of open-end home equity loans if you secure the loan by a lien on real estate that meets the requirements of 12 CFR § 564 and § 560.100-101.
8. The unpaid balance of the gross loan in a wrap-around mortgage if you wrapped a loan held by a third party. Report the loan payable to the third party as a liability on SC760, Other Borrowings.
9. Loans on units in cooperative buildings.

Do not include:

1. Mortgage pool securities. Report on SC210 and SC215.
2. The portion of participations sold qualifying as a sale under GAAP; you should no longer report the sold portion in your statement of condition.
3. Mortgage-backed bonds. Report on SC185.
4. Real estate loans where the characteristics dictate treatment as an investment in real estate in accordance with GAAP. Report on SC45, Real Estate Held for Investment.
5. Foreclosed assets. Report on SC405 through SC428, Repossessed Real Estate.
6. Loans secured by assets that you physically possess, although foreclosure has not yet occurred, in-substance foreclosures. Report on SC405 through SC428, Repossessed Real Estate.
7. Loans purchased subject to agreements to resell, that is, you hold these loans as collateral received for loans made to others. Report on SC170, Federal Funds Sold and Securities Purchased Under Agreements to Resell.
8. Loan commitments that you have not yet taken down, even if you have received fees. Prior to disbursement of the loan, report refundable fees on SC783, Escrows and nonrefundable fees on SC796, Other Liabilities and Deferred Income as Code04.
9. Loans on timeshare arrangements. Report on SC330, Other Closed-end Consumer Loans.
10. Unsecured home improvement loans. Report on SC316, Home Improvement Loans.

SC23: Total

The EFS software will compute this line as the sum of SC230 through SC275 less SC283.

Construction Loans on:**SC230: 1-4 Dwelling Units**

Report the outstanding balance of all construction loans secured by 1-4 dwelling units. Adjust balances as described above in the general instructions to mortgage loans.

Include:

1. Construction loans to developers secured by tracts of land on which single-family houses, including townhouses, are being constructed.
2. Construction loans secured by single-family dwelling units in detached or semidetached structures, including manufactured housing.
3. Construction loans secured by duplex units and town houses, excluding garden apartment projects where the total number of units that will secure the permanent mortgage is greater than four.
4. Combination land and construction loans on 1-4 dwelling units regardless of the current stage of construction or development;
5. Combination construction-permanent loans on 1-4 dwelling units until construction is completed or principal amortization payments begin, whichever comes first.
6. Bridge loans to developers on 1-4 dwelling units where the buyer will not assume the same loan, even if construction is completed or principal amortization payments have begun.

Do not include:

Loans for the development of building lots unless the same loan finances the erection of building improvements. Report on SC265.

SC235: 5 or More Dwelling Units

Report the outstanding balance of all construction loans secured by 5 or more dwelling units. Adjust balances as described above in the general instructions to mortgage loans.

Include:

1. Loans for the construction of apartment buildings including condominium and cooperative apartments.
2. Loans for the construction of fraternity or sorority houses offering sleeping accommodations.
3. Loans for the construction of living accommodations for students or staff of a college or hospital.
4. Loans for the construction of retirement homes with sleeping and eating accommodations for permanent residents. Each bedroom equals one dwelling unit.
5. Combination land-construction loans on 5 or more dwelling units regardless of the current stage of construction or development.
6. Combination construction-permanent loans on 5 or more dwelling units until construction is completed or principal amortization payments begin, whichever comes first.
7. Bridge loans to developers on 5 or more dwelling units where the buyer will not assume the same loan, even if construction is completed or principal amortization payments have begun.
8. Loans for the construction of mobile home parks.

hedged on a qualifying fair-value hedge under FASB Statement No. 133; and (2) any valuation allowances.

Do not include interest-only strips **in security form**. Report on SC150, Mortgage Derivative Securities, or SC185, Other Investment Securities, as appropriate.

In general, CNFIs are initially recorded at cost, which often approximates fair value. Subsequent to initial recording, CNFIs are measured at fair value, like investments in debt securities classified as available for sale or trading under FASB Statement No. 115. All CNFIs should be reported on either SI375 or SI385, depending on whether they are classified as held for trading or available-for-sale pursuant to FASB Statement No. 115.

SC660: Goodwill and Other Intangible Assets

Report the unamortized balance of goodwill and other intangible assets.

Include:

1. Goodwill.
2. Core deposit premium.
3. Intangible pension assets recorded pursuant to FASB Statement No. 87.
4. Technology-based intangible assets, such as computer software.
5. Other intangible assets, excluding servicing assets reported on SC642 and SC644.

Do not include:

1. Servicing assets; report on SC642 and SC644.
2. Interest-only strip receivables and certain other instruments; report on SC655.
3. Organization costs, which should be expensed as incurred.

Goodwill, an unidentifiable intangible asset, arises in a purchase method business combination accounted for under APB No. 16 or FASB Statement No. 141. The amount initially recognized as goodwill is the excess of cost of the acquired entity over the net of the amounts (generally, fair value) assigned to tangible and identifiable intangible assets acquired and liabilities assumed.

SC690: Other Assets

Report the total of assets not reported elsewhere on Schedule SC. You can find examples of the types of assets to be included in the memo items detailing other assets below.

Do not include:

1. Premiums on deposits and borrowed money that you purchased. Report premiums on deposits on SC715 and premiums on borrowed money with the related borrowing.
2. Deferred credits, deferred income, that do not have a related asset. Report on SC796, Other Liabilities and Deferred Income.
3. Accounts with a material credit balance that are not contra-assets. Report on SC796, Other Liabilities and Deferred Income.
4. Identified core deposit intangibles. Report on SC660, Goodwill and Other Intangible Assets.
5. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option. Report with mortgages included on SC23.

Memo: Detail of Other Assets

Report the three largest items constituting the amount reported in SC690. You should select codes best describing these items from the list below and report them on SC691, 693, and 697; report the

corresponding amounts on SC692, 694, and 698. You must complete this detail if you report an amount on SC690. You should combine similar accounts, for example, all prepaid expenses should be combined and reported as 07. However, you should not combine unlike accounts in reporting code 99. You may have more than one code 99 if you cannot find codes describing the items you report.

SC691, 693 and 697: Codes

- 01 Federal Home Loan Bank Stock.
- 02 Accrued Federal Home Loan Bank dividends.
- 03 Federal, state, or other taxes receivable, whether as the result of prepayment or net operating loss carrybacks.
- 04 Net deferred tax assets in accordance with FASB Statement No. 109.
- 05 Insured portion of real estate acquired by foreclosure or deed in lieu of foreclosure on VA or FHA-HUD loans while the title is held pending conveyance to that agency.
- 06 Prepaid deposit insurance premiums.
- 07 Prepaid expenses.
- 08 Deposits for utilities and other services.
- 09 Advances for loans serviced for others, including advances for taxes and insurance and advances to investors.
- 10 Property leased to others under an operating lease as provided in 12 CFR § 560.41, net of accumulated depreciation.
- 11 Deferred issuance costs related to subordinated debentures, mandatory convertible securities, and redeemable preferred stock.
- 12 Amounts receivable under interest rate swap agreements.

SC730: Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

Include:

1. Funds you received from securities sold under agreements to repurchase that do not meet the criteria for a sale under FASB Statement No. 140, including retail repurchase, dollar-reverse-repurchase, and dollar-roll agreements.
2. Amounts due a FHLBank in the form of securities sold under agreements to repurchase.
3. Federal Funds purchased.

Include in the gain or loss on the sale funds received from transactions accounted for as a sale, such as, yield maintenance, dollar-reverse-repurchase agreements, and certain dollar-roll transactions. **Note** that the repurchase transaction and subsequent investment of these borrowed funds are independent transactions. Therefore, you should not offset any income generated by this subsequent investment by the interest expense incurred in the reverse repurchase transaction. Report interest income on SO110, Interest Income on Deposits and Investment Securities, and interest expense on SO260, Interest Expense: Other Borrowed Money.

SC735: Subordinated Debentures (Including Mandatory Convertible Securities)

Report subordinated debentures and mandatory convertible securities you or your consolidated subsidiaries issued net of premiums and discounts. Report issuance costs related to subordinated debentures and mandatory convertible securities on SC690, Other Assets.

Mortgage-Collateralized Securities Issued:

Report only those mortgage-collateralized securities that are not recorded as sales in accordance with GAAP as principally prescribed by FASB Statement No. 77, *Reporting by Transferors for Transfers of Receivables with Recourse*, and FASB Technical Bulletin 85-2, *Accounting for Collateralized Mortgage Obligations (CMOs)*.

SC740: CMOs (including REMICs)

Report all collateralized mortgage obligations (CMOs) issued by you and your consolidated subsidiaries adjusted for issuance costs, discounts, and premiums.

SC745: Other

Report all mortgage collateralized securities, other than CMOs, that you or your consolidated subsidiaries issued that are not recorded as sales in accordance with GAAP.

SC760: Other Borrowings

Report all other borrowings not included on SC720 through SC745.

Include:

1. Redeemable preferred stock issued by consolidated subsidiaries to third parties.
2. Mortgages and other encumbrances on your office premises or real estate owned for which you are liable.
3. Obligations of an employee stock ownership plan (ESOP) to a lender other than yourself, when such reporting is required under GAAP, including AICPA SOP No. 93-6, *Employers' Accounting for Employee Stock Ownership Plans*.

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4. The underlying mortgage in a wrap-around loan unless the holder of the underlying mortgage has accepted a subordinated position, in which case you deduct the underlying loan against the related loan.
 5. Senior liens on foreclosed real estate.
 6. Overdrafts in your transaction accounts in other depository institutions, where there is no right of set-off against other accounts in the same financial institution. If the overdraft is in a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business, you should include in deposits the funds received or held in connection with checks drawn on the other depository institutions.
 7. Commercial paper that you have issued.
 8. Liabilities for capital leases related to assets that you've reported on SC55.
 9. Eurodollar issues.
 10. The liability from a *sale* of loans with recourse accounted for as a financing. Refer to FASB Statement No. 77, *Reporting by Transferors for Transfers of Receivables with Recourse*.
 11. REIT preferred stock issued by a consolidated subsidiary to a third party, where you elect to report the instrument as a liability rather than as a minority interest on line SC799.
 12. The related liability for delinquent mortgage loans previously securitized with Ginnie Mae, where you have an unconditional repurchase option. The recording of such mortgage loans and the related liability is required under GAAP (including FASB Statement No. 140).

Do not include:

1. Accrued interest due and payable. Report on SC766, Other Accrued Interest Payable.
2. Redeemable preferred stock you have issued. Report on SC799, Redeemable Preferred Stock and Minority Interest.

You must charge the interest and dividends on all borrowings and yield adjustments reported on this line to expense on SO260, Other Borrowed Money. You must not net the interest expense against the interest income on the related asset.

CC330: TO SELL LOANS

Report outstanding commitments to sell whole mortgage and nonmortgage loans and participating interests.

CC340: TO PURCHASE MORTGAGE POOL SECURITIES

Report outstanding commitments to purchase mortgage pool securities of the types reported on SC210 and SC215.

CC350: TO SELL MORTGAGE POOL SECURITIES

Report outstanding commitments to sell mortgage pool securities of the types reported on SC210 and SC215.

CC360: TO PURCHASE INVESTMENT SECURITIES

Report outstanding commitments to purchase investment securities of the types reported on SC130 through SC150, SC180, and SC185.

CC370: TO SELL INVESTMENT SECURITIES

Report outstanding commitments to sell investment securities of the types reported on SC130 through SC150, SC180, and SC185.

LINEs AND LETTERS OF CREDIT:**UNUSED LINEs OF CREDIT:**

Report unused lines of credit that you issue in connection with credit cards or open-end loans, including those secured by a equity loans on 1 to 4 dwelling units or other collateral. **Unused lines of credit** are defined as the difference between the amount authorized by contract and the actual amount outstanding at quarter-end. Include predetermined overdraft protection limits.

Do not include:

1. Loans-in-process on constructions loans; report construction LIP on CC105.
2. Lines of credit secured by commercial mortgages; report on CC290 or CC300.

CC410: Open-End Consumer Lines**CC420: Commercial Lines**

LETTERS OF CREDIT

Report the undrawn portion of outstanding letters of credit at the end of the quarter. Do not report any other type of commitment. Report most other types of commitments on CC280 through CC370.

There are two classifications of letters of credit:

1. A **commercial letter of credit** is one where the issuer expects to pay drafts or other demands for payment.
2. A **standby letter of credit** is one where the issuer stands ready to pay in the unexpected event that the customer defaults or fails to perform on the underlying contract with the third party.

Do not include unused lines of credit.

CC430: Commercial

Report the undrawn portion of commercial letters of credit.

CC435: Standby, Not Included on CC465 or CC468

Report the undrawn portion of all standby letters of credit not included on CC465 or CC468. Include both collateralized and uncollateralized standby letters of credit.

RECOURSE OBLIGATIONS AND DIRECT CREDIT SUBSTITUTES

If you have recourse obligations, residual interests, credit-enhancing interest-only strips, subordinated securities, or direct credit substitutes, you should use the lines below to report these interests and the amount of assets that they enhance.

You may find it helpful to review the definitions in 12 CFR 567.1. While that section does not include a specific definition for subordinated securities, in context you should consider subordinated securities as a type of direct credit substitute.

You also use these lines to report exposures arising through a nonsecurity financial instrument under FASB Statement No. 140.

CC455: TOTAL PRINCIPAL AMOUNT OF ALL ASSETS COVERED BY RECOURSE OBLIGATIONS OR DIRECT CREDIT SUBSTITUTES

Report the outstanding principal balance of assets you enhance, fully or partially, by recourse obligations, credit-enhancing interest-only strips, residual interests, subordinated securities, or direct credit substitutes.

Include:

1. The full amount of assets enhanced by your recourse obligations, requiring you to absorb credit losses on assets held by a third party.
Example: If you sell \$1000 in loans, and agree to absorb the first 10% of losses, you report \$1000 on this line, and \$100 on line CC468.
2. The full amount of assets enhanced by your residual interests.

SCHEDULE SQ — CONSOLIDATED SUPPLEMENTAL QUESTIONS

Throughout these instructions, **you** and **your** refers to the reporting savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision. However, in this schedule, you should answer all questions except SQ310 based on your data alone, and not on your consolidated subsidiaries' data. SQ310 applies to both you and your consolidated subsidiaries.

Indicate whether an activity occurred during the period by placing an **X** in either the **Yes** or **No** column of each question. No question that can be answered with a **yes** or **no** should be left blank. Check **Yes** if there is any doubt as to whether an activity occurred during the quarter.

SQ100: Did the reporting association acquire any assets through merger with another depository institution?

Check **Yes** only if you merged during the quarter with another depository institution. Do not include mergers with your holding company or nondepository affiliates or subsidiaries. If you merged with a non-OTS regulated depository institution, report the amount of deposits acquired on CF435.

SQ110: Did the reporting association include in this balance sheet for the first time assets and/or liabilities acquired as a result of a branch or other bulk deposit purchase?

Check **Yes** for the purchase of a branch or the bulk purchase of assets or liabilities. If you purchased deposits, report the purchased amount on CF435. Do not include acquisition of real estate for a branch office where no bank operations were purchased.

Has there been:

SQ130: A change in control of the association?

Check **Yes** if there has been any change in the power, directly or indirectly, to direct your management or policies. Indicate **Yes** if there has been any change in the power to vote ten percent or more of any class of your voting securities. Refer to 12 CFR § 563.181 for definitions regarding change in control.

SQ160: A merger accounted for under the purchase method?

Check **Yes** if during the quarter you acquired another depository institution whose assets and liabilities are reported on your current TFR using the purchase method of accounting.

Do not check Yes for:

- A change in control in which push-down accounting was used.
- An acquisition of a subordinate organization.
- An acquisition of a branch.

SQ170: If the reporting association restated its balance sheet for the first time this quarter as a result of applying pushdown accounting, enter the date of the reorganization. (MMDDYYYY)

Report the date of your acquisition if you applied pushdown accounting this quarter. You should report this during the quarter that you first apply pushdown accounting, and you should also enter it in subsequent quarters if you make material adjustments. You should also report this date if you apply pushdown adjustments retroactively. For example, if the acquisition took place on December 10, 2001, but your balance sheet was restated in February 2002, enter 12102001 on the March 2002 TFR.

SQ270: Reporting association's fiscal year-end (MM)

Enter the month of your current fiscal year-end for audited financial statement purposes. In some cases this may not correspond to the tax year-end.

SQ280: Code representing nature of work to be performed by independent public accountants for the current fiscal year

Enter the code for the statement below that best describes the level of audit or other attestation work – such as review, compilation, or agreed-upon procedures – that an independent public accountant will have performed by the end of your current fiscal year. The current fiscal year is the 12-month period that includes the quarter that you are reporting.

- 07 You do not plan to have an audit or other attestation work by an independent public accountant.
- 08 You do not plan to have an audit. However, you do plan to have other attestation work performed and reported on by an independent public accountant.
- 09 You plan to have an audit of, and receive a report on, only the holding company's consolidated financial statements by an independent public accountant.

SCHEDULE CSS — SUBORDINATE ORGANIZATION SCHEDULE

*Throughout these instructions, **you** and **your** refers to the reporting savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision.*

Complete this schedule annually using data as of December 31.

Report data for those subordinate organizations that you own directly or indirectly that meet one or more of the following criteria:

- The gross revenue of the consolidated subordinate organization is 5% or more of the gross revenue of the consolidated thrift (gross revenue is defined as the total of Interest Income and Noninterest Income); or
- The total assets of the consolidated subordinate organization are 5% or more of the consolidated thrift assets; or
- The consolidated subordinate organization is regulated by a state insurance department, the Securities and Exchange Commission, or the Commodity Futures Trading Commission; or
- The Regional Director deems there is a supervisory reason for requiring the reporting of a subordinate organization.

You may, but are not required to, include subordinate organizations that do not meet the above criteria. Include subsidiary depository institutions. Do not include ownership interest in entities designated as pass-through investments as described in 12 CFR § 560.32.

CSS010: Entity Tax ID #

Report the taxpayer identification number, EIN, of the entity.

CSS020: Entity Name

Report the legal name of the entity.

CSS025: Street Address

Report the street address of the entity's headquarters, if located within the United States or its possessions. If the entity's headquarters is located in a foreign country, report the street address and city – abbreviate if necessary.

CSS030: City

Report the city where the entity has its headquarters, if located within the U.S. or its possessions. The city must correspond to the street address reported on CSS025. If the entity's headquarters is located within a foreign country, report only the name of that country.

CSS040: State

Report the abbreviation for the state in which the headquarters of the entity is located. The state must correspond to the city reported on CSS030. Report 99 if located in a foreign country.

CSS045: Zip Code

Report the zip code for the entity's headquarters. The zip code must correspond to the address reported on CSS025 through CSS040. Report **99999** if the headquarters is located within a foreign country that does not have a five-digit zip code.

CSS050: OTS Docket Number or Tax ID # of Immediate Parent

For first-tier subordinate organizations or a depository institution that you own directly or indirectly, report the docket number of the parent savings association. For lower-tier entities, as defined in 12 CFR § 559.2, report the taxpayer identification number, EIN, of the immediate parent of the entity within your organizational structure. For lower-tier entities, the taxpayer ID number entered here will also appear as a taxpayer ID number on CSS010.

If two or more entities in your tier structure own a subordinate organization, report the taxpayer ID number of the parent with the largest percent ownership. If two or more parents in your tier structure have the same percent ownership, choose one and report the taxpayer ID number for the parent chosen.

CSS060: Name of Immediate Parent

Report the legal name of the immediate parent reported on CSS050.

CSS070: % Ownership by Immediate Parent

Report the percent ownership by the immediate parent reported in CSS050 and CSS060. Report the number as a whole-number percentage – report 2/3's as 67 not as 0.67 or 66.7.

CSS080: Type of Entity

Report the code for the type of entity described below.

Code 11 Operating Subsidiary, Including entities formerly defined as finance subsidiaries

Operating subsidiary as defined in 12 CFR § 559.2 as any entity that satisfies all of the requirements for an operating subsidiary under 12 CFR § 559.3 and that is designated as an operating subsidiary by the parent savings association. A federal savings association must own, directly or indirectly, more than 50 percent of the voting shares of an operating subsidiary, and no other person or entity may exercise effective operating control. An operating subsidiary may only engage in activities permissible for a federal savings association.

Do not include entities that meet the criteria for a **lower-tier operating subsidiary**. Report these entities as Code 12.

exchange-rate contracts by calculating a credit equivalent amount. See explanation following the discussion of off-balance-sheet items.

Report in the appropriate category all on-balance-sheet assets together with all on-balance-sheet equivalents (off-balance-sheet items after converting them according to the discussion above). From the sum of on-balance-sheet and off-balance-sheet risk-weighted assets, deduct ALLL that exceeds the amount you may include as capital on CCR350.

Note: Report all loans and investments that are more than **90 days past due** on CCR505, 100 percent Risk weight. Report all of these loans on CCR505 regardless of the type of investment or collateral, except for FDIC covered assets. Report FDIC covered assets on CCR410, 0% Risk weight: FDIC Covered Assets.

0% Risk weight

CCR400: Cash

Report all cash-on-hand, including the amount of domestic and foreign currency owned and held or in transit in all your offices. Convert any foreign currency into U.S. dollar equivalents as of the date of the report.

Do not include:

1. Cash deposited in another financial institution, whether interest-bearing or non-interest-bearing. Report on CCR445.
2. Cash equivalents such as travelers' checks. Report on CCR445.

CCR405: Securities Backed by Full Faith and Credit of U.S. Government

Report securities, not loans, on this line. Report the amount of securities issued by and other direct claims on the following:

1. The U.S. Government or its agencies to the extent such securities or claims are **unconditionally** backed by the full faith and credit of the U.S. Government.
2. The central government of an Organization of Economic Cooperation and Development (OECD) country.

Include:

1. Most Ginnie Mae securities. (Note that an interest only strip or Ginnie Mae security that exhibits similar interest rate risk would not be eligible for 0% risk weight. Report as 100% risk weight on CCR 505.)
2. U.S. Treasury securities.
3. SBA pools or certificates, or portions thereof, that have an unconditional guarantee by the full faith and credit of the U.S. Government.

Do not include:

1. Notes and obligations of the FDIC. Report on CCR408.
2. Assets collateralized by U.S. Government securities. Report on CCR450, 20% Risk weight: Other.
3. Mortgage-backed securities (MBS) where you have recourse for the underlying loans. The capital requirement on such obligations should follow the standard treatment of recourse obligations.
4. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option. Report on CCR450, 20% Risk weight: Other.

CCR408: Notes and Obligations of the FDIC

Report notes and obligations of the FDIC that have the unconditional backing by the full faith and credit of the U.S. Government, except for those on CCR410.

CCR410: FDIC Covered Assets

Report the portion of assets **fully** covered against capital loss and/or yield maintenance agreements by the FDIC. Place that portion of assets without FDIC coverage (for example, those included in a deductible) in a risk-weight category according to the characteristics of the asset. If you cannot assign a deductible under a coverage agreement to a specific type of asset, then you should place the deductible in the 100 percent risk-weight category.

Include investments in subsidiaries and equity investments with full FDIC coverage, regardless of the percentage of ownership or business activity of the entity in which you have invested.

CCR415: Other

Report all zero percent risk-weight assets not included above as defined in 12 CFR § 567.6(a)(1)(i).

Include:

1. Deposit reserves at, claims on, and balances due from Federal Reserve Banks, excluding interest rate contracts. Report interest rate contracts on CCR450, 20% Risk weight: Other.
2. The book value of paid-in Federal Reserve Bank stock.
3. That portion of assets not included elsewhere in the zero percent risk-weight category directly and unconditionally guaranteed by the U.S. Government or its agencies, or the central government of an OECD country.

CCR420: Total

The EFS software will compute this line as the sum of CCR400 through CCR415.

CCR440: 0% Risk-weight Total

The EFS software will automatically compute this line as zero percent times CCR455, the risk-weighted product of all zero percent risk-weighted assets.

20% Risk weight**CCR430: High-quality MBS**

Report mortgage-related securities and other asset-backed securities that meet the criteria for 20% risk weight. **Note** that if you have a **subordinate** class of an otherwise 20% risk weight, high-quality MBS, you must gross up and risk weight your security plus the balance of all classes senior to it. However, if you are able to utilize the ratings based approach (12 CFR 567.6), it is not necessary to gross up the more senior positions. See also CC455, CC465, and CC468.

Include:

1. Most Fannie Mae and Freddie Mac mortgage-related securities. (Note: Report Fannie and Freddie principal-only stripped securities (POs) and interest-only stripped securities (IOs) that are not credit enhancing on CCR 505.)
2. Asset-backed securities with an AAA or AA rating that meet the criteria of the ratings based approach - 12 CFR § 567.6.

Do not include:

1. Stripped MBS. Report IO and PO strips that are not credit enhancing of otherwise high quality MBS on CCR505, 100% risk weight.
2. Ginnie Mae mortgage pool securities. Refer to instructions for CCR405.
3. MBSs where you have recourse for the underlying loans. The capital requirement on such obligations should follow the treatment of recourse obligations.

CCR435: Claims on FHLBs

Report all investments in, claims on, and balances due from Federal Home Loan Banks.

Include:

1. Book value of Federal Home Loan Bank stock.
2. Demand, savings, and time deposits with a FHLBank.
3. Securities, bonds, and notes issued by the Federal Home Loan Bank System
4. The credit equivalent amount of interest rate contracts, interest-rate swaps and caps, where the counterparty is a Federal Home Loan Bank.

CCR440: General Obligations of State and Local Governments

Report the amount of securities and other general obligations issued by state and local governments.

CCR445: Claims on Domestic Depository Institutions

Include the following obligations of domestic depository institutions:

1. Demand deposits and other transaction accounts.
2. Savings deposits.
3. Time certificates.
4. Travelers' checks and other cash equivalents.
5. Cash items in the process of collection.
6. Federal funds sold.
7. Loans and overdrafts.
8. Debt securities.
9. The credit equivalent amount of interest and exchange rate contracts (interest-rate swaps and caps) where the counterparty is a domestic depository institution.

Do not include:

1. Investments in other depository institutions where those institutions may count the investments in their regulatory capital, such as capital stock, qualifying subordinated debt, etc. Report on CCR370, Assets Required to be Deducted.
2. Interest rate contracts with a FHLBank or a Federal Reserve Bank. Report on CCR435 and CCR450, respectively.

CCR450: Other

Report all twenty percent risk-weight assets, not included above, as defined in 12 CFR § 567.6(a)(1)(ii).

Include:

1. Assets conditionally guaranteed by the U.S. Government, such as VA and FHA insured mortgage loans, the guaranteed portion of SBA, FhMA, and AID loans, and FICO and REFCO bonds, etc.

2. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option.
3. Loans and other assets fully collateralized by deposits..
4. The credit equivalent amount of interest rate contracts (interest-rate swaps and caps) where the counterparty is a Federal Reserve Bank.
5. Assets collateralized by U.S. Government securities other than mortgage related securities on CCR430.
6. Securities issued by, or other direct claims on, U. S. Government-sponsored agencies, including notes issued by Fannie Mae and Freddie Mac. Do not include equity securities or MBSs.

CCR455: Total

The EFS software will compute this line as the sum of CCR430 through CCR450.

CCR45: 20% Risk-weight Total

The EFS software will compute this line as twenty percent times CCR455, the risk-weighted product of all 20 percent risk-weighted assets.

50% Risk weight**CCR460: Qualifying Single-family Residential Mortgage Loans**

Report the carrying value, outstanding balance less all specific valuation allowances, of all qualifying single-family residential mortgage loans secured by a first lien when you have no other extensions of credit secured by a second lien on the same property to the same consumer, if such loans meet all of the following criteria:

1. You have prudently underwritten the loan.
2. The loan is performing and not more than 90 days past due.
3. The current LTV ratio is 90% or less, calculated using the value at origination, including loans individually insured by private mortgage insurance or other appropriate credit enhancement that brings the effective LTV down to 90% or less.

Notes:

1. See 12 CFR 567.1 for the definition of Qualifying Mortgage Loan.
2. A loan with an LTV higher than 90%, without PMI or other readily marketable collateral enhancement, would not typically qualify for the 50% risk weight. The Real Estate Lending Guidelines urge savings associations as well as other types of banking organizations, to require PMI or other appropriate credit enhancement if a mortgage exceeds 90% LTV. See 12 CFR 560.101, and the footnote in the section on supervisory loan-to-value limits. These guidelines constitute a supervisory presumption of safety and soundness. To overcome that presumption for a loan that exceeds 90% LTV, a bank or thrift must demonstrate to the examiners' satisfaction that the loan is both prudently underwritten, and that it qualifies for the 50% risk weight in spite of the absence of private mortgage insurance or other appropriate credit enhancement.

Outstanding Balance of Complex Securities (Not including Mortgage Derivative Securities)

Thrifts with complex securities, including structured securities, are required to self-value these instruments in the section **Supplemental Reporting of Market Value Estimates** using asset code 121 in Appendix D. We define both complex securities and structured securities in Thrift Bulletin 13a, Appendix D. Do not include mortgage derivative securities.

CMR490: Total Cash, Deposits, and Securities

The EFS software automatically computes this line as the sum of the balances on CMR461, CMR464, CMR470, CMR473, CMR476, and CMR479. For all editing and output data uses, our data systems will add the balance for complex securities reported as code 121 in the section for Supplemental Reporting of Market Value Estimates to this line.

ADDITIONAL ITEMS

You report in this section certain additional items needed for the OTS Model. The definitions and instructions for these items are the same as on Schedule SC.

Items Related to Mortgage Loans and Securities

The following items pertain to asset balances on CMR125, CMR185, CMR261, CMR262, CMR281, CMR282, CMR291, CMR292, CMR311, and CMR312.

CMR501: Nonperforming Loans

Report the outstanding balance of nonperforming mortgage loans and securities. Nonperforming loans are nonaccrual loans plus loans that are at least 90 days past due but still accruing interest. Outstanding balance is defined in the general instructions to Schedule CMR.

Include:

1. Nonperforming mortgage warehouse loans that you reported as mortgage loans on Schedule SC.
2. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option. Also, with respect to (a) report the related liability on CMR786, Other Liabilities I.

Do not include:

Nonperforming home equity or secured home improvement loans that you reported as consumer loans in Schedule SC.

CMR502: Accrued Interest Receivable

Report amounts for the types on SC220, Accrued Interest Receivable on Mortgage Pool Securities, and SC272, Accrued Interest Receivable on Mortgage Loans.

Include:

Interest receivables on mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

Do not include:

Interest receivables on home equity or secured home improvement loans that you reported as consumer loans in Schedule SC.

CMR503: Advances for Taxes and Insurance

Report amounts paid on behalf of borrowers for taxes and insurance of the types reported on SC275, Advances for Taxes and Insurance.

Include:

Advances related to mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

Do not include:

Advances related to home equity or secured home improvement loans that you reported as consumer loans in Schedule SC.

CMR504: Less: Unamortized Yield Adjustments

Report the net amount of unamortized premiums and discounts related to balances on CMR125, CMR185, CMR261, CMR262, CMR281, CMR282, CMR291, CMR292, CMR311, CMR312, and CMR501.

Include:

Premiums or discounts related to mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

Do not include:

Premiums or discounts related to home equity or secured home improvement loans that you reported as Consumer Loans in Schedule SC.

CMR507: Less: Valuation Allowances

Report general and specific valuation allowances established to recognize credit losses.

Include:

Allowances related to mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

Do not include:

Allowances related to home equity or secured home improvement loans that you reported as consumer loans in Schedule SC.

CMR508: Unrealized Gains (Losses)

Report, on a consolidated basis, gross unrealized gains (losses) on loans held for sale, available-for-sale securities, and trading securities. Also report the unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133, and the accumulated gain or loss (change in fair value) on the asset attributable to the designated risk being hedged on a qualifying fair value hedge under FASB statement No. 133.

Include:

Unrealized gains or losses related to mortgage warehouse loans that you reported as mortgage loans on Schedule SC.

CMR771: Noninterest-Bearing Nonmaturity Deposits

Report balances of all nonmaturity deposit accounts that are permanently non-interest-bearing on CMR771. Do not include balances in nonmaturity deposits, transaction accounts or MMDAs, that do not currently earn interest because they are below the contracted minimum balance required to earn interest.

CMR773: Balances in New Accounts

Balances in **new accounts** are end-of-quarter balances in accounts where holders had no noninterest-bearing nonmaturity deposits with you at the end of the prior quarter.

Also include as new accounts:

1. Accounts where there has been a name added or deleted.
2. Deposits acquired from an acquisition of a depository institution or its branches or from other bulk purchase of deposits.

Escrow Accounts

Escrow accounts include the types of accounts on SC783 that you report in Schedule CMR as follows:

- Report balances of escrow accounts associated with single-family first mortgages that you own on CMR775.
- Report balances of tax and insurance escrows associated with single-family first mortgages serviced for others on CMR777.
- Report balances of principal and interest escrows established pursuant to loan servicing agreements, including those in custodial accounts, on CMR786, Miscellaneous Liabilities I.
- On CMR779, report balances of all escrow accounts not on CMR775, CMR777, and CMR786.
- Report escrow accounts associated with mortgages that you partially own according to the percentage of ownership.

Example: You sell an 80 percent participating interest in a pool of mortgages and retain the servicing. You have \$60,000 in tax and insurance escrow accounts and \$40,000 in principal and interest escrow accounts associated with the pool of mortgages. You would report the following amounts: on CMR775, \$12,000 ($= \$60,000 \times .20$); on CMR777, \$48,000 ($= \$60,000 \times .80$); and on CMR786, \$40,000.

Report the WAC of escrows on CMR775, CMR777, and CMR779 on CMR776, CMR778, and CMR780, respectively. Calculate the WAC as described in the general instructions to Schedule CMR. If the WAC is zero, report 0.01, one basis point.

CMR781: Total Nonmaturity Deposits and Escrow Accounts

The EFS software automatically computes this line as the sum of CMR762, CMR765, CMR768, CMR771, CMR775, CMR777, and CMR779.

CMR782: UNAMORTIZED YIELD ADJUSTMENTS ON DEPOSITS

Report on CMR782 unamortized yield adjustments of the type on SC715. Also include the component of the carrying value of deposit liabilities that consists of accumulated gains and losses, the change in fair value on the deposits, attributable to the designated risk being hedged on a qualifying fair value hedge under FASB Statement No. 133.

CMR784: UNAMORTIZED YIELD ADJUSTMENTS ON BORROWINGS

Report on CMR784 unamortized yield adjustments applicable to liabilities of the types on the following line items:

1. SC720 (Advances from FHLBank).
2. SC730 (Federal Funds Purchased and Securities Sold Under Agreements to Repurchase).
3. SC735 (Subordinated Debentures, Including Mandatory Convertible Securities).
4. SC740 (CMOs, Including REMICs).
5. SC745 (Other Mortgage Collateralized Securities Issued).
6. SC760 (Other Borrowings).

Add to this amount any unamortized yield adjustments related to redeemable preferred stock of the type on SC799. Also include the component of the carrying value of borrowings that consists of accumulated gains and losses (the change in fair value on the borrowings) attributable to the designated risk being hedged on a qualifying fair value hedge under FASB Statement No. 133.

Other Liabilities**CMR785: Collateralized Mortgage Securities Issued**

Report the carrying value of collateralized mortgage securities issued that you do not record as sales in accordance with GAAP. See FASB Statement No. 77, *Reporting by Transferors of Receivables with Recourse* and FASB Technical Bulletin 85-2, *Accounting for Collateralized Mortgage Obligations*. Include CMOs and other collateralized mortgage securities issued.

CMR786: Miscellaneous Liabilities I

Report amounts of the types included on SC763, Accrued Interest Payable on Deposits, SC766, Accrued Interest Payable on Other Liabilities, SC776, Accrued Taxes, and SC780, Accounts Payable.

Include amounts of the types on line SC796, Other Liabilities and Deferred Income, except for the following:

1. Financial option fees received.
2. Deferred net gains (losses) on liability hedges.
3. Negative goodwill.
4. Derivative instruments in a loss position at fair value.

For definitions of these items, see the instructions for line SC796, code numbers 02, 03, 12, and 20, respectively.

Also include:

1. Balances in principal and interest escrow accounts established pursuant to loan servicing agreements.
2. The liability associated with delinquent mortgage loans previously securitized with Ginnie Mae, where you have an unconditional repurchase option. The related loans are reported on CMR501, Nonperforming Loans.